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24 June 1946

MEMORANDUM FOR THE CHIEF, CENTRAL PLANNING STAFF

FROM: Information Branch

SUBJECT: Progress Report on Project Entitled "Collection of Intelligence Information on Foreign Potential Resources of Raw Materials"

REFERENCE: (a) Memorandum, 20 May 1946 from Information and Intelligence Branches.
(b) Planning Directive No. 36a, 22 May 1946.

1. Reference (b) was not complied with in view of the decision to suspend action on the petroleum project which was to have been accorded similar treatment to that intended for the above project.

2. Recently it was learned that ANMB (Army-Navy Munitions Board), in accordance with Directive 400/M from JLPC (Joint Logistics Planning Committee), had requested the Industrial College of the Armed Forces to undertake a study of the comparison of the "industrial capacity" of the United States with potential allies and potential enemies. Subsequently, the JLPC changed the subject of their Directive 400/M to cover economic war potential instead of restricting it to industrial capacity.

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3. [REDACTED] and the writer discussed this problem with General Sorensen and Colonel Eckhardt of ANMB and Colonel Anderson of JLPC and it was agreed that:

a. The Industrial College will, in so far as their resources permit, complete the task assigned them under JLPC Directive 400/M, but accomplish it as a study of economic war potential--not confine it to industrial capacity;

b. That inasmuch as the comparison of the economic war potential of the United States with that of potential allies and potential enemies is a task of such magnitude and a subject of such strategic importance as to warrant a continuing study by the best brains of the nation, it should be organized as a project without delay;

c. The JLPC will address a memorandum to the Director of Central Intelligence, advising what steps ANMB and the Industrial College have taken in the conduct of their studies of economic war potential, and request that C.I.G. develop means for the collection and analysis of economic data on foreign countries which would provide

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the reliable up-to-date intelligence required by the J.C.S., ANMB, Industrial College of the Armed Services and similar agencies for high level planning purposes.

4. The writer discussed with Captain Abbott, USNR of the J.I.C., that Committee's interest in the problem of economic war potential. He agreed that while the collection, evaluation and analysis of foreign economic data were properly foreign intelligence rather than logistics, J.I.C. did not have adequate personnel to participate actively in the work. Accordingly, he believes that J.I.C. would be content to be advised from time to time as to the status of the project; that this could be accomplished by extending them an occasional invitation to attend open meetings. Captain Abbott stated that J.I.C. would be deeply interested in the end products of the survey.

5. In view of the urgent importance which the J.C.S. (through the JLPC) attaches to the subject of comparative economic war potential, C.P.S. should approve the establishment of an interim collection-research committee (later to be a subcommittee of the Inter-agency Economic Committee) to work on this project. In addition to C.P.S. representatives, membership of the committee should include the intelligence agencies, the Industrial College of the Armed Services, the Departments of Commerce, Treasury and Agriculture, U. S. Tariff Commission and other government agencies having a substantial interest in the subject.

6. The Intelligence Branch concurs in the above recommendation.

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